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Lawn&Garden Marketing

AUGUST 1985

Reports on: • Portable blowers and vacs

OPEI outlook • Changes in marketing chemicals

MHS special report

Seeking

Price-sensitive products

for image and profit

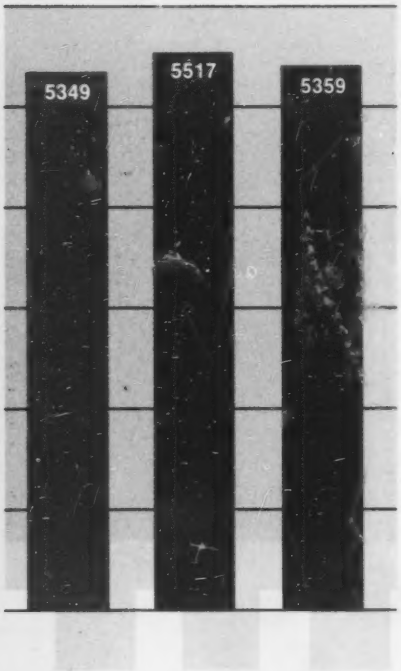
page 6

AUGUST 1985 VOL. 24, No. 7 PUBLISHED 10 TIMES ANNUALLY

Lawn&Garden Marketing

The merchandising magazine for lawn, garden and leisure living products.

6 Cover story. Industry leaders describe factors that make products price-sensitive.



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Seeking price-sensitive products for image and profit. Industry leaders provide NHS buyers with insight into recognizing, selecting price-sensitive products on page 6.

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Coming in September: Spring sales planning • Checklist for planning 1986 merchandising strategies • ABCs of Batteries • Supplement on Pikes Nursery of Atlanta • Designing garden centers

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OPE shipments to pass 5 year record

Shipments of walk-behind mowers for the first time in five years are projected to surpass the 5 million unit market. All other outdoor power equipment lines, except tillers, move up, too.

■Capping a five-year trend, rear-engine riding mower shipments have topped 359,000 this year, meeting the projections set last year by the Outdoor Power Equipment Institute.

But the trend is likely to end next year, as shipments for the high-ticket items, and other power equipment, are expected to decline.

The mixed news was part of the OPEI's annual outdoor power equipment industry outlook. The data were presented in June at the OPEI's annual meeting.

Next year's decline reflected a calculation among members, about a slowdown in economic growth, and with it, a pause in the power equipment industry sales growth. But after two years of declining shipments, in 1986 and 1987, members expect the entire market to improve through 1990.

Bolens Corp. assembled the material and presented the report to the OPEI. Member companies were asked in March to forecast economic indicators, industry shipments and other factors concerning the 1986 model year. A total of 23 companies responded, and the responses were averaged to determine the results.

For the first time, data on the commercial products segment of the industry were included. These separate numbers were determined from nine responding member companies.

OPEI members do not expect the economy to maintain the growth experienced in the last two years. This was reflected in the predictions for consumer outdoor power equipment. All six categories were predicted to have a shipment decrease.

Most decreases are expected to be moderate, but walk-behind snowthrowers and walk-behind tillers experienced serious declines.

For the long term, shipments will start increasing in the 1988 model year, members predict, and by 1990, shipments will surpass the decreases in 1986 and 1987.

Snowthrower gains melt

Walk-behind snowthrower shipments, which experienced a healthy gain in 1985, are expected to suffer a substantial decrease in 1986.

Shipments are expected to decrease from 380,000 in 1985 to 320,000 in 1986. This is a 15.7 percent decrease in the market, which is expected to grow by 23 percent this year.

The decrease is the biggest among the equipment categories and continues the erratic growth pattern for the market.

Also predicted to have a serious decline are walk-behind tillers. OPEI members predict a decrease of 23,000 shipments from this year to next, continuing a five-year decline.

Numerically, 392,000 shipments are expected in 1985, and 369,000 in 1986, a decrease of 5.8 percent. If the prediction materializes, tiller shipments will have decreased 26 percent in the past five years.

Garden tractors are predicted to drop a total of 16,000 units, or 9.5 percent. Projected shipments for 1985 are 167,000 and 151,000 for 1986.

But the 1985 prediction could be an aberration, and the 1986 drop would put tractors to levels they have been in the past five years. Shipments generally have been between 145,000 to 150,000 units.

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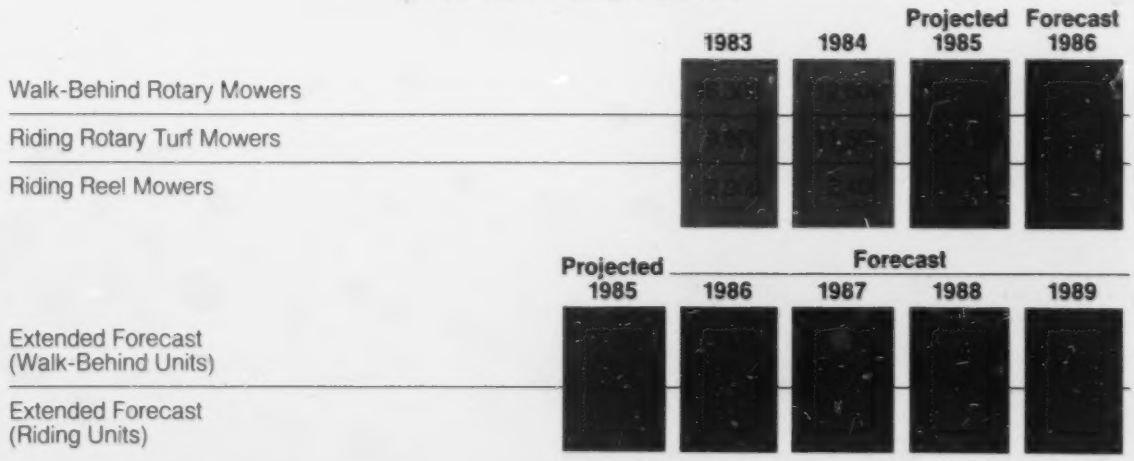
COMMERCIAL TURF CARE INDUSTRY SHIPMENTS

(Model Years Ending August 31)



Source: OPEI Survey 1985 Chart courtesy of Bolens Corp.

OPE shipments

...continued

Mowers at 5 million

Walk-behind rotary mowers are expected to continue to hover at the 5 million unit mark. Projected 1985 shipments are 5,125,000 with 1986 shipments projected at 4,990,000.

Numerically, this was the largest decrease among the product categories. But it amounted to only a 2.6 percent decrease.

Last year, OPEI predicted rotaries to have the largest numerical increase, returning to the 5 million mark. The market experienced a 19 percent drop in the market when shipments fell to 4.6 million in 1981, compared with 5.7 million in 1980.

Shipments stayed at 4.6 million units for the next three years, until last year's predicted return to 5 million.

Rear-engine riding mowers experienced one of the smallest losses in percentage and actual number. Shipments are predicted to decrease by 10,000, from 359,000 to 349,000, a drop of 2.7 percent.

This is the first drop in five years. Shipments have increased by at least a fraction of a percentage point every year since 1981, and the market increased by 22 percent in 1984.

Five-year outlook

OPEI predicts losses in shipments for two years in both walk-behind units and riding units, followed by steady growth through 1990.

For walk-behinds and tillers, shipments are expected to fall by 2.8 percent in 1986 and 1.1 percent in 1987. This is a loss of about 221,000 units, from 5,517,000 in 1985 to 5,296,000 in 1987.

After this slowdown, shipments will increase about 3 to 4 percent a year, OPEI predicts, with 1990 shipments expected to total 5,952,000.

Riding units are predicted to decrease more during 1986 and 1987, but its gains for the rest of the decade are also expected to be greater.

Shipments will fall by 4 percent in 1986 and by 1.2 percent in 1987. This translates into a projected numerical loss of 56,000 units, from 1,063,000 to 1,007,000.

Predicted growth through 1990 is expected to be at least 3.8 percent, with a gain of 6.5 percent expected in 1989. End-of-decade shipments are expected to total 1,186,000 units.

Commercial shipments

OPEI members expect a slight improvement in the commercial turf care market. The nine survey participants expect their shipment volume to be 60 to 65 percent of the total market.

Walk-behind rotary mowers are expected to increase slightly. A 2,000-shipment increase predicted for 1986, from 120,000 units to 122,000 units, a 1.6 percent increase. This continues a steady, three-year growth.

Riding rotary turf mowers will experience a slight decline of 100 units compared to 1985. This 0.8 percent loss represents a decline from 12,000 units shipped in 1985 to 11,900 in 1986.

Riding reel mowers are predicted to increase the most. A 5.5 percent increase, 250 units, is expected. The 1985 projected total is 3,300 units, with the 1986 total set at 3,550 units.

In both the walk-behind and rid-

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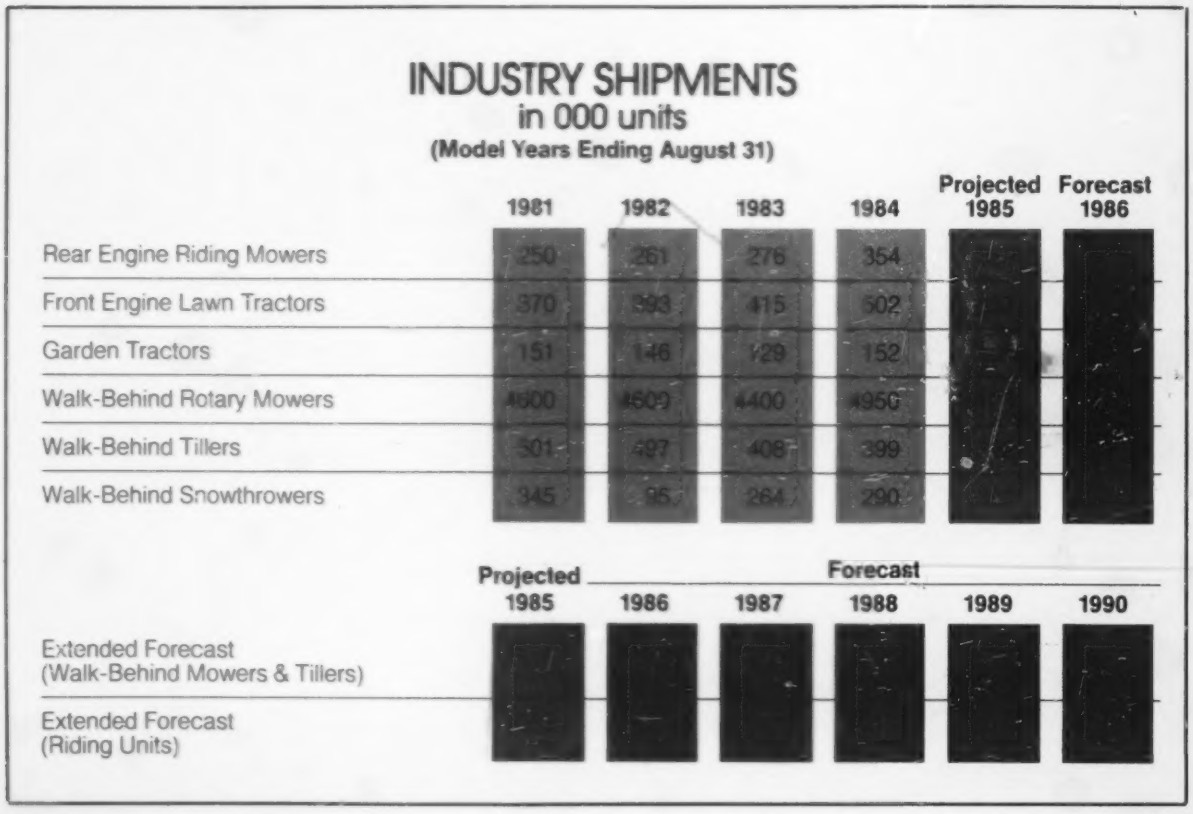

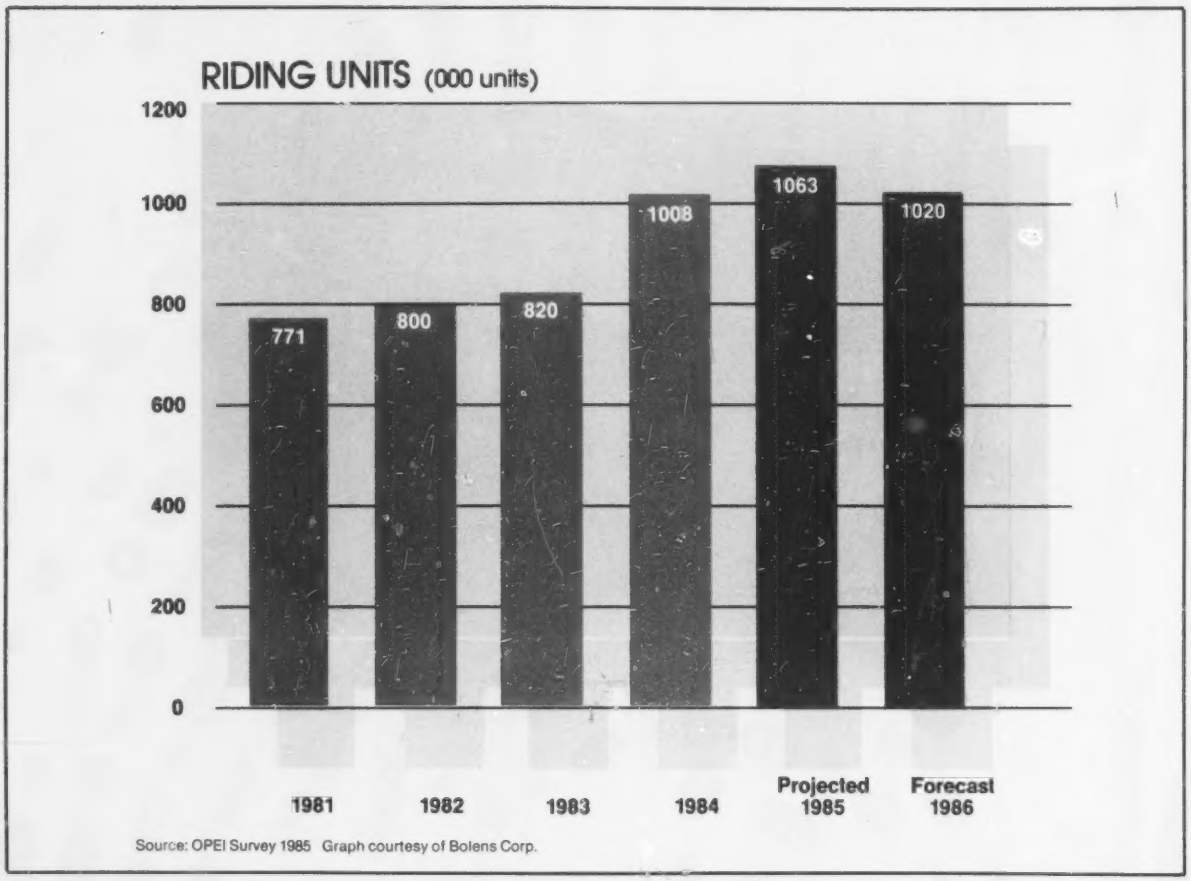

Source: OPEI Survey 1985 Graph courtesy of Bolens Corp.

OPE shipments

...continued

ing categories, shipments are expected to increase each year through 1989. Walk-behind units are expected to increase from 1.6 percent to 4.6 percent a year, with expected shipments to reach 134,700 in 1989.

After a year of small growth (0.9 percent) in 1986, riding units are predicted to outpace walk-behinds. Shipments are expected to increase by at least 3.1 percent a year, with a 9.6 percent increase predicted in 1987. Shipments are expected to increase to 19,[illegible]0 by 1989.

Distribution unchanged

Channels of distribution are not expected to change significantly in 1986. According to the percentage of total shipments, the expected breakdown is as follows: retailer, 22.9 percent; wholesaler, 29.4 percent; merchandiser, 45.4 percent; and export, 2.3 percent.

The percentages changed very little from the 1985 projections: retailer, 22.2 percent; wholesaler, 30.3 percent; merchandiser, 45.4 percent; and export, 2.1 percent.

In the short term, according to OPEI, exports are not expected to regain the prominence they had in the early 1980s. □

OPE future linked to deficits, innovations

■An economic forecaster, speaking at the concluding session of the annual meeting of the Outdoor Power Equipment Institute, told this group of manufacturers that budget deficits of the U.S. government will come down to permit renewed growth of the consumer economy.

After taking some bold swipes at the defense budget and at the expenditures for Social Security and other entitlements, Marvin Cetron, president of Forecasting International, said that federal outlays for those two major budget items will be reduced because the public will demand it.

He described the defense budgets as being loaded with wasteful and unrealistic projects.

"There are only two places where the U.S. is going to balance its budget," he said. "One is anti-Democrat, and one is anti-Republican." Some of it (savings) will come from the defense budget; and some will come from the entitlement programs.

"We have a president with a cavalry mentality. He takes a battleship out of mothballs at a cost of a billion dollars. That battleship has an average life of 80 hours in case of all-out conflict—at a top speed of 33 knots. We would lose 2,070 men. We must be out of our minds.

"That's only one thing. I could talk about the Air Force, too. I worked for them for 20 years. Produce MXs and put them in dense packs? The last time we tried dense

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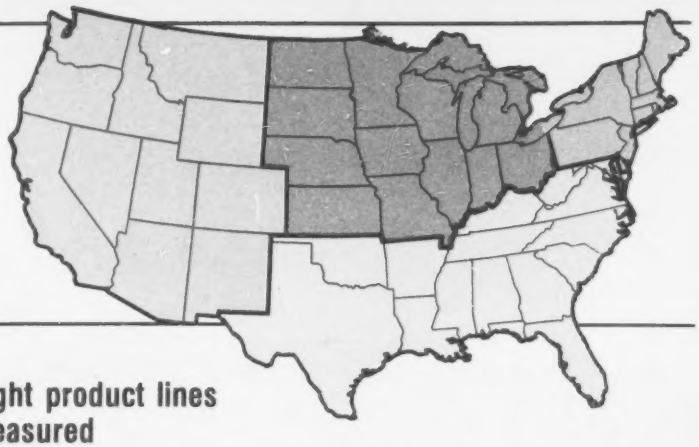
Product Movement Report spring 1985



Of the eight product lines measured in the spring 1985 survey by **LGM,** seven showed improved sales compared to spring 1984.

Retailers continue to report significant increases in sales of replacement parts. Almost 67 percent of retailers responding to the survey reported increased sales of replacement parts, while only 5 percent reported sales were down. The response supports a trend that has been evident in recent periods.

Regionally, retailers in the Northeast reported a median increase of 23 percent, well above the national figure. North Central retailers reported an 11 percent median increase.

Northeast retailers reported median increases above the national figures for sales of lawn fertilizer, grass seed and packet seed. The only product line to show a national median increase which did not occur in the Northeast was riding mowers and lawn tractors. In that product line there was a 9 percent median increase nationally.

About 43 percent of retailers reported sales of garden tools were up, and only 6 percent said they were down.

Lawn fertilizer followed a similar pattern with 47 percent reporting better sales. Sales were down according to 16 percent. More retailers reported sales up than down in each region, but in the South the difference was slight. In the South, 36 percent indicated sales were up, and 32 percent indicated lower sales.

Grass seed and packet seed each showed sales increases. For grass seed, 42 percent of retailers said sales were up, and 9 percent said they were down. Almost 36 percent of retailers indicated packet seeds sales were up while 8 percent reported them down.

Walk-behind mowers also had significant percentages of retailers indicating better sales. Nationally, 37 percent said sales were up and 6 percent down. The trend appeared to be strongest in the North Central region where 40 percent responded that sales increased, and 3 percent said they declined.

For riding mowers and lawn tractors, 28 percent of retailers reported increased sales. Nationally, 7 percent said sales decreased. The Northeast and North Central regions continued to show the strongest sales with 24 percent in the Northeast and 37 percent in the North Central indicating improved sales. An insignificant number in the Northeast and 3 percent in the North Central reported decreased sales.

The only product category to show more retailers reporting decreased sales than increased sales was rotary tillers. Nationally, only 10 percent of retailers said sales were up compared with 18 percent who said sales were down.

The trend in declining tiller sales was seen in all four regions as well. In the Northeast 8 percent of retailers reported increased sales and 16 percent decreased sales. More than 11 percent of retailers in the North Central said sales were up but 17 percent reported them down. Retailers in the South responded that 14 percent showed increases while 23 percent showed decreases. Only 6.3 percent in the West said sales were up and 19 percent down. The tendency for sales of rotary tillers to be down has continued for several recent sales seasons.

Eight product lines measured

		TOTAL %	NORTHEAST %	N. CENTRAL %	SOUTH %	WEST %	
Garden tools	Up	42.5	52.0	44.4	28.0	45.0	↑
	Same	46.2	44.0	41.7	52.0	50.0	
	Down	5.6	4.0	5.7	12.0	.....	
Lawn fertilizer	Up	47.2	52.0	47.2	36.0	55.0	↑
	Same	30.2	36.0	36.1	24.0	20.0	
	Down	16.0	4.0	13.9	32.0	15.0	
Grass seed	Up	41.5	56.0	44.5	36.0	25.0	↑
	Same	39.6	28.0	38.8	44.0	50.0	
	Down	8.5	12.0	8.4	4.0	10.0	
Packet seed	Up	35.8	52.0	33.3	20.0	40.0	↑
	Same	39.7	28.0	50.0	40.0	35.0	
	Down	7.5	8.0	5.6	8.0	10.0	
Walk-behind mowers	Up	36.7	32.0	40.0	40.9	31.3	↑
	Same	39.9	52.0	42.8	27.3	31.3	
	Down	6.1	.....	2.9	13.6	12.4	
Riding mowers/ lawn tractors	Up	27.5	24.0	37.1	27.3	12.6	↑
	Same	17.3	32.0	14.3	9.1	12.4	
	Down	7.2	.....	2.9	13.6	18.8	
Rotary tillers	Up	10.2	8.0	11.4	13.8	6.3	↓
	Same	27.6	20.0	42.9	18.2	18.8	
	Down	18.3	16.0	17.1	22.8	18.8	
Replacement parts	Up	66.7	76.9	71.4	50.0	50.0	↑
	Same	28.2	23.1	21.5	33.3	50.0	
	Down	5.1	.....	7.1	16.7	.....	

Because of multiple responses, percentages do not add up to 100%

Eight product lines sold through four key classes of retailers were measured by **LGM** for this survey.